



CAPITAL REGION.

WATER

2017 Draft Expense Budget - Workshop

October 26, 2016

Budget Preparation Timeline - September

- Finance Dept. compiled 8+4 Forecast for current year
- Directors and Superintendents developed budgets based on 8+4 and upcoming year projections
- Focused on Major Cost Items
- Consulting Engineer's Annual Reports were Prepared
 - Conditional Assessment
 - Additional O&M Needs
 - Capital Improvement Plan



CAPITAL REGION. | WATER

Budget Preparation Timeline - October

- Finance Dept. works with Directors and Superintendents on developing expense side of budgets
- Internal review meetings with the Audit and Finance Committee – Detailed review of expenses and Capital
- Provide First Draft to Board (tonight), Board to provide guidance on rates
- Review/Refine/Revise Fund Budgets
- ARCADIS Populates Rate Model with Draft Expense Data – Initial Indicator of Rate Revenue Requirements



Budget Preparation Timeline - November/December

- November
 - Internal Review of the Preliminary Rate Package (November 1)
 - Board approves Final Budgets and Rates for 2017 (November 16 Board Meeting)
- December
 - Wholesale Rates Due to Suburban Customers and Steelton December 1, 2016
 - Budgets Due per Indenture December 1, 2016



Focus on Major Cost Items

- >79% of Administrative
 - Payroll, Insurance, Professional Fees
- >75% of Drinking Water Budget
 - Payroll, Insurance, Chemicals, Utilities, Debt Service, Capital
- >89% of Wastewater Budget
 - Payroll, Insurance, Chemicals, Utilities, Debt Service, Capital



Payroll - Revisions from 2016 Forecast

- New Positions for 2017
 - Admin (3) Staff Accountant, Buyer, Route Auditor
 - Water (1) Treatment, (1) Distribution, (1) PT Caretaker
 - WasteWater (1) Treatment, (2) Field Maint.
- Collective Bargaining Unit – New Contract being negotiated
- Non-Bargaining Unit – 3.5% Cost of Living Salary Increase



Insurance

Employee Benefits

- Health Insurance
 - Switching to a co-op for 2017
 - 2.3% Increase with rebate anticipated
- Dental and Vision
 - No Increase
- Life / Disability
 - No Increase

Non-Employee Insurance

- Cyber Liability
- Property
- General & Excess Liability
- Auto
- Public Officials
- Workers Compensation

Administrative Fund

2017 Admin Fund Expense Projection	ADOPTED	Forecast	Proposed	Variance	%	Variance	%
	2016 Budget	2016	2017 Budget	from 2016 Budget	Variance if over \$5k	from 2016 Forecast	Variance if over \$5k
TOTAL OPERATING EXPENSE	5,517,498	5,246,059	5,451,642	(65,856)		205,583	3.92%
TOTAL CAPITAL EXPENDITURES	237,300	172,131	50,500	(186,800)		(121,631)	
TOTAL Expenses	5,754,798	5,418,190	5,502,142	(252,656)		83,953	

Water Fund

2017 Water Fund Expense Projection	ADOPTED	Forecast	Proposed	Variance	%	Variance	%
	2016 Budget	2016	2017 Budget	from 2016 Budget	Variance if over \$5k	from 2016 Forecast	Variance if over \$5k
OPERATING EXPENSES							
Operations Management Total	999,339	994,726	1,039,764	40,425	4.05%	45,038	4.53%
Operations Distribution Total	1,563,978	1,069,053	1,645,907	81,929	5.24%	576,854	53.96%
Operations Treatment Total	2,738,394	2,607,475	2,628,952	(109,442)		21,477	0.82%
Other Operating Expenses	3,357,119	3,550,051	4,493,738	1,136,619	33.86%	943,687	26.58%
TOTAL OPERATING EXPENSE	8,658,830	8,221,305	9,808,362	1,149,532	13.28%	1,587,057	19.30%
Non-Operating Income Total	(60,231)	(4,492,102)	(383,500)	(323,269)		4,108,602	-91.46%
Non-Operating Expense Total	10,854,562	8,868,825	9,985,192	(869,370)		1,116,367	12.59%
TOTAL EXPENSE BEFORE CAPITAL EXPENDITURES	19,453,161	12,598,027	19,410,054	(43,107)		6,812,027	54.07%
CAPITALIZED EXPENDITURES							
CIP and Minor Capital Total	4,121,800	4,825,252	12,810,455	8,688,655	210.80%	7,985,203	165.49%
Debt Retirement	-	2,187,598	4,407,499	4,407,499		2,219,901	101.48%
TOTAL CAPITAL and DEBT RETIREMENT	4,121,800	7,012,850	17,217,954	13,096,154	317.73%	10,205,104	145.52%
TOTAL	23,574,961	19,610,877	36,628,008	13,053,047	55.37%	17,017,130	86.77%



Water Fund - Capital

2017 Water Capital Improvement Projects

Source: 2016 CEAR and Engineering Staff

Location	Description	FY 2017
Dam	DeHart Evaluation - PROF SERVICES	160,000
Dam	DeHart General Repairs - PROF SERVICES	150,000
Dam	Reservoir Improvements - PROF SERVICES	200,000
Dam	Survey Monuments for Monitoring Dam	10,000
Raw	Mountain Line & Secondary Transmission Main Assessment - PROF SERVICES	50,000
Raw	Mountain Line Air Release Valve Inspection - PROF SERVICES	100,000
Raw	Mountain Line Repairs - PROF SERVICES	150,000
Raw	Mountain Line Repairs - CONSTRUCTION	1,500,000
WSC	Emergency Generator - PROF SERVICES	109,000
WSC	Emergency Generator - CONSTRUCTION	1,300,000
WSC	Filter Media Repairs - PROF SERVICES	25,000
WSC	Filter Media Repairs - CONSTRUCTION	140,000
WSC	Tube Settler Replacement - PROF SERVICES	116,500
WSC	Tube Settler Replacement - CONSTRUCTION	4,000,000
WSC	Chlorine Scrubber - PROF SERVICES	100,000
WSC	Chlorine Scrubber - CONSTRUCTION	325,000
Storage	Clean and Inspect Upper Reservoir - PROF SERVICES	97,000
Storage	Clean and Inspect Upper Reservoir - CONSTRUCTION	300,000
Storage	Rehabilitate or Line Upper Reservoir - CONSTRUCTION	800,000
Storage	Inspect Lower Reservoirs - PROF SERVICES	30,000
Storage	Inspect Lower Reservoirs - CONSTRUCTION	30,000
Storage	Clean and Rehabilitate Lower Reservoir - CONSTRUCTION	200,000
T&D	Water Main Replacement - PROF SERVICES	200,000
T&D	Water Main Replacement - CONSTRUCTION	1,500,000
Misc	General Water Services - PROF SERVICES	62,500
TOTAL		11,655,000

2017 Minor Capital Equipment and Extraordinary Reserve Detail

Vehicular Equipment	
Ford F-750 5 ton Dumptruck	89,000
Ford F-150 XI	28,540
Ford Explorer	29,055
Ford F-250	38,500
Wtr Ford F-550 Valve Turning Truck	140,000
Bobcat Compact Skidloader	57,360
DeHart Mag Meter	40,000
DeHart House #2 HVAC	29,000
DeHart Tower Bridge Crane	40,000
Fire Alarm System Controls	22,000
Aluminum Grating for Basins	100,000
DeHart Tower Roof Replacement	60,000
Maintenance Building Flooring	40,000
Street Roller / Trailer	24,000
Street Cut Saw	31,000
Influent Streaming Current Meter	18,000
Mobile Drinking Water Unit*	54,000
Wayfaring Signage*	15,000



Water Fund - Debt Service

- Explore PENNVEST funding for Tube Settler Project



Wastewater Fund

2017 Wastewater Fund Expense Projection	ADOPTED	Forecast	Proposed	Variance	%	Variance	%
	2016 Budget	2016	2017 Budget	from 2016 Budget	Variance if over \$5k	from 2016 Forecast	Variance if over \$5k
OPERATING EXPENSES							
Operations Management Total	1,072,559	1,044,352	1,162,419	89,860	8.38%	118,067	11.31%
Operations Treatment Total	4,399,602	3,888,707	3,944,121	(455,481)		55,414	1.42%
Operations Maintenance Total	915,734	856,875	977,716	61,982	6.77%	120,841	14.10%
Operations Field Maintenance Total	2,700,950	3,203,163	1,891,147	(809,803)		(1,312,016)	
Other Operating Expenses Total	3,555,419	3,580,436	3,946,988	391,569	11.01%	366,552	10.24%
TOTAL OPERATING EXPENSE	12,644,264	12,573,534	11,922,391	(721,873)		(651,143)	
Non-Operating Income Total	(78,000)	(75,566)	(75,000)	3,000		566	
Non-Operating Expense Total	1,782,340	1,000,903	2,366,287	583,947	32.76%	1,365,384	136.42%
TOTAL Expense before Capital Expenditures	14,348,604	13,498,870	14,213,678	(134,926)		714,808	5.30%
CIP and Minor Capital Total	4,068,281	3,838,231	37,361,053	33,292,772	818.35%	33,522,822	873.39%
Escrow Programs			200,000	200,000		200,000	
Debt Retirement	-	-	1,757,792	1,757,792		1,757,792	
TOTAL CAPITAL EXPENDITURES	4,068,281	3,838,231	39,318,845	35,250,564	866.47%	35,480,614	924.40%
TOTAL	18,416,885	17,337,101	53,532,523	35,115,638	190.67%	36,195,422	208.77%



Wastewater Fund - Capital

2017 Wastewater Capital Improvement Projects

Source: 2016 CEAR and Engineering Staff

Location	Description	FY 2017
AWTF	Headworks Screening	5,500,000
AWTF	Cogeneration Improvements	300,000
AWTF	Digester Improvements	2,300,000
AWTF	Primary Clarifier Improvements and Repairs	375,000
AWTF	Biosolids Master Plan	200,000
AWTF	Solids Thickening Improvements	1,050,000
Pump	Front Street Pump Station Improvements	4,350,000
Convey	Paxton Creek Interceptor and Manhole Repair	5,467,500
Convey	Allylum Run Interceptor Improvements to Interceptor Phase 1	110,000
Convey	Green, Ouford, Bally Streets & Parkway Blvd Sewer Improvements	1,325,000
Convey	Arsenal Boulevard Sewer Improvements	2,667,000
Collect	Collection System, M54 Rehab & Replacement	3,300,000
Collect	HTC Sewer Investigation & Alternatives Evaluation	50,000
Collect	HTC Sewershed Planning/Re-route Design	100,000
Collect	Third Street CCTV Investigation	48,000
Collect	Other Multi-Modal CCTV Investigation	223,000
Collect	Multi-Modal Pipe Rehab & Replacement	1,150,000
LTCP	Non Minimum Controls Plan and Long-Term Control Plan	238,773
LTCP	NMC Plan and LTCP Phase I Upgrades	315,000
Convey	CSO Outfall Remediation	360,000
Convey	GSI Design - PRCF SERVICES	500,000
Convey	Stormwater/GSI Design	4,078,750
Convey	WWT Weather Services	1,415,000
Collect	Stormwater Review	20,000
Collect	Misc. Sewer Services	187,500
AWTF	Cogeneration Improvements	68,530
AWTF	Intercooling Bundles for CO Distillation Facility Compressors	72,000
AWTF	Cryogenic Oxygen Distillation Facility Compressors	500,000
		36,071,053

2017 Wastewater Minor Capital Equipment

Vehicular and Other Equipment	
Payloader	200,000
Pickup Truck	35,000
Pickup Truck	35,000
Forklift	35,000
Diesel Trash Pump	25,000
Dump Truck	110,000
Vactor	400,000
Lab Bench Renewal and HVAC Replacment	150,000



Wastewater Fund - Debt Service

- Refinance M&T portion of the AWTF project funding in order to avoid potential accelerated payments and to secure fixed rate financing.
- Additional Bond may be issued for capital expenditures not funded via rate revenue (Paygo)
- Evaluate potential for Green Bonds
- PENNVEST funding will be pursued for all eligible projects



Focus Points / Key Decisions

- “Acceptable” Rate Increase?
- Defer Capital or O&M?

Questions/Comments